



**Attachment 5**

***Michael C. Schlachter, CFA  
Managing Director***

May 24, 2007

Dr. Russell Read  
Chief Investment Officer  
California Public Employees' Retirement System  
400 P Street, Suite 3492  
Sacramento, CA 95814

Re: Permissible Public Equity

Dear Russell,

This letter contains a summary of Wilshire's attribution analysis of the performance of the three current Emerging Markets managers as was requested by one of the Investment Committee members at the May meeting. Both Wilshire and Staff have conducted attribution studies. The letter will focus on Wilshire's studies only.

We performed the attribution analysis of the current CalPERS portfolio for each manager against three alternatives: the same manager's unconstrained composite portfolio (this would be the likely CalPERS portfolio with that manager if the restricted countries list were removed) to isolate how much the permissible list directly impacted the CalPERS portfolio, the current constrained benchmark that includes only the permissible countries, and the unconstrained FTSE index that includes all emerging markets countries. Our analysis automatically compensated over time for changes to the portfolio resulting from countries being added or deleted from the permissible list.

All performance results below are expressed in annualized terms. These attribution results reflect the returns the managers would have generated with a monthly buy-and-hold strategy. Additional positive or negative returns from trading and timing of transactions would impact the actual returns.

#### ***AllianceBernstein***

Our analysis shows that the CalPERS AllianceBernstein portfolio underperformed the manager's unconstrained composite portfolio by 3.14%, with 1.78% of that underperformance coming from stock selection and 1.36% from country selection.

The CalPERS AllianceBernstein portfolio outperformed the constrained benchmark (the benchmark that matches the Permissible Countries list) by 7.50%, adding 5.43% in value through superior country selection among those it was allowed, and adding another 2.07% in value through stock selection.

Compared to the unconstrained (FTSE All World Emerging Index) benchmark, the CalPERS portfolio added value of 5.44%, gaining 2.46% in value from stock selection and 2.98% from country selection.

The biggest sources of value added in the AllianceBernstein portfolio relative to the unconstrained benchmark would have been +2.28% from an overweight to Brazil, +0.80% from underweighting Malaysia, +0.73% from overweighting South Africa, and +1.08% from underweighting Taiwan. The required zero weight to non-permissible countries cost CalPERS 0.49% in China, 0.66% in Russia, and insignificant amounts in other restricted countries.

#### **DFA**

The CalPERS DFA portfolio underperformed the manager's unconstrained composite portfolio by 1.2%. The difference in country allocations between the CalPERS portfolio and the unrestricted portfolio added 0.24%, but DFA's stock selection in the countries it was allowed cost the manager 1.45%, resulting in an overall underperformance.

The CalPERS DFA portfolio outperformed the constrained benchmark (the benchmark that matches the Permissible Countries list) by 4.14%, adding 6.35% in value through superior country selection among those it was allowed, but losing 2.21% in value through poor stock selection.

Compared to the unconstrained (FTSE All World Emerging Index) benchmark, the CalPERS portfolio outperformed by 2.07%, again adding 4.05% in value through country selection and losing 1.97% from stock selection.

The biggest sources of value added in the DFA portfolio relative to the unconstrained benchmark would have been +1.37% from an overweight to Brazil (but -1.00% value lost in Brazilian stock selection), +2.16% from overweighting Taiwan, and +1.65% from overweighting Turkey. The required zero weight to non-permissible countries cost CalPERS 0.45% in China, 0.63% in Russia, and insignificant amounts in other restricted countries.

#### **Genesis**

The CalPERS Genesis portfolio underperformed the manager's unconstrained composite portfolio by 4.48%, with a loss of 0.13% resulting from poor stock selection and a loss of 4.35% from poor country selection.

The CalPERS Genesis portfolio outperformed the constrained benchmark (the benchmark that matches the Permissible Countries list) by 1.82%, adding 2.69% in value through superior country selection among those it was allowed, but losing 0.87% in value through poor stock selection.

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Compared to the unconstrained (FTSE All World Emerging Index) benchmark, the CalPERS portfolio underperformed by 0.24%, adding 0.94% in value through country selection and losing 1.17% from stock selection.

The biggest sources of value added in the Genesis portfolio relative to the unconstrained benchmark would have been +0.66% from an overweight to Hungary, +0.49% from underweighting Malaysia, and +2.02% from overweighting Taiwan. The required zero weight to non-permissible countries cost CalPERS 0.47% in China, 0.63% in Russia, and insignificant amounts in other restricted countries.

***Attribution Analysis Summary***

Although the results varied somewhat among the three managers, the results clearly indicate that the required zero weights to China and Russia directly resulted in underperformance. The other non-permissible countries had much smaller impacts on performance

If you have any additional questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Russell Read".

## Variance Analysis - Summary

## CalPERS AB Monthly (Total Return - Annualized) vs. Unconstrained AB Monthly (Total Return - Annualized)

22 Groups of MSCI Country 07/31/2002 - 12/29/2006

Base Currency : Dollar(\$) - United States

|                | CalPERS AB     |               |                | Unconstrained AB |               |                | Variance      |               |               |
|----------------|----------------|---------------|----------------|------------------|---------------|----------------|---------------|---------------|---------------|
| Group          | Ending         | Base          | Contrib        | Ending           | Base          | Contrib        | Stock         | Group         | Total         |
|                | Weight         | Rtn(%)        |                | Weight           | Rtn(%)        |                | Select        | Weight        |               |
| Argentina      | 0.951          | 71.210        | 9.627          | 0.529            | 61.592        | 5.783          | -0.223        | 0.402         | 0.179         |
| Brazil         | 18.999         | 61.445        | 79.255         | 14.497           | 72.823        | 62.020         | -1.395        | 2.194         | 0.799         |
| Chile          | 0.000          | 9.175         | 0.775          | 0.000            | 11.877        | 1.049          | -0.026        | -0.025        | -0.051        |
| China          | 0.000          | 0.000         | 0.000          | 12.254           | 51.506        | 39.494         | 0.000         | -1.368        | -1.368        |
| Czech Republic | 0.000          | 19.045        | 2.135          | 0.000            | 17.896        | 1.251          | 0.029         | 0.050         | 0.079         |
| Greece         | 0.000          | 0.000         | 0.000          | 0.000            | -2.510        | 0.008          | 0.000         | 0.087         | 0.087         |
| Hong Kong      | 0.000          | 0.000         | 0.000          | 0.000            | 3.049         | 0.017          | 0.000         | 0.003         | 0.003         |
| Hungary        | 2.497          | 53.126        | 11.784         | 2.291            | 42.169        | 10.089         | 0.250         | -0.119        | 0.131         |
| India          | 6.104          | 21.331        | 11.057         | 5.131            | 41.829        | 19.836         | 0.204         | -0.569        | -0.365        |
| Indonesia      | 0.000          | 0.000         | 0.000          | 0.477            | 49.804        | 15.352         | 0.000         | -0.297        | -0.297        |
| Israel         | 3.951          | 34.993        | 13.770         | 4.387            | 38.199        | 14.193         | -0.131        | 0.079         | -0.052        |
| Malaysia       | 0.141          | -4.581        | -0.113         | 0.254            | 16.283        | 3.658          | -0.013        | 0.753         | 0.740         |
| Mexico         | 4.345          | 33.478        | 19.571         | 3.809            | 36.301        | 20.363         | -0.356        | -0.113        | -0.469        |
| Philippines    | 1.041          | 29.696        | 3.687          | 1.046            | 27.182        | 4.181          | 0.094         | 0.103         | 0.197         |
| Poland         | 0.000          | 0.000         | 0.000          | 0.000            | 9.141         | 0.455          | 0.000         | -0.053        | -0.053        |
| Russia         | 0.000          | 0.000         | 0.000          | 2.506            | 0.921         | 0.200          | 0.000         | 0.096         | 0.096         |
| South Africa   | 11.581         | 45.879        | 45.820         | 10.328           | 45.998        | 46.823         | 0.012         | 0.319         | 0.332         |
| South Korea    | 23.275         | 33.008        | 77.718         | 20.306           | 32.298        | 63.476         | 0.099         | -1.360        | -1.261        |
| Taiwan         | 20.803         | 9.314         | 22.438         | 15.170           | 17.746        | 18.490         | -0.541        | -0.681        | -1.222        |
| Thailand       | 4.730          | 6.600         | 1.407          | 5.248            | 48.654        | 14.442         | -0.141        | -0.735        | -0.876        |
| Turkey         | 1.401          | 45.309        | 13.814         | 1.767            | 44.208        | 17.605         | 0.078         | 0.086         | 0.163         |
| United States  | 0.182          | 21.423        | 2.721          | 0.000            | 0.000         | 0.000          | 0.283         | -0.210        | 0.073         |
| <b>Total</b>   | <b>100.000</b> | <b>38.055</b> | <b>315.466</b> | <b>100.000</b>   | <b>41.191</b> | <b>358.785</b> | <b>-1.776</b> | <b>-1.360</b> | <b>-3.135</b> |

## Variance Analysis - Summary

## CalPERS AB Monthly (Total Return - Annualized) vs. Constrained FTSE Monthly (Total Return - Annualized)

## 19 Groups of MSCI Country 07/31/2002 - 12/29/2006

Base Currency : Dollar(\$) - United States

|                | CalPERS AB     |               |                | Constrained FTSE |               |                | Variance     |              |              |
|----------------|----------------|---------------|----------------|------------------|---------------|----------------|--------------|--------------|--------------|
| Group          | Ending         | Base          | Contrib        | Ending           | Base          | Contrib        | Stock        | Group        | Total        |
|                | Weight         | Rtn(%)        |                | Weight           | Rtn(%)        |                | Select       | Weight       |              |
| Argentina      | 0.951          | 71.210        | 9.627          | 1.131            | 60.139        | 3.390          | 0.006        | 0.432        | 0.437        |
| Brazil         | 18.999         | 61.445        | 79.255         | 11.297           | 66.177        | 33.383         | -0.721       | 3.033        | 2.312        |
| Chile          | 0.000          | 9.175         | 0.775          | 3.078            | 34.009        | 8.466          | -0.174       | -0.050       | -0.224       |
| Czech Republic | 0.000          | 19.045        | 2.135          | 1.301            | 55.501        | 4.129          | 0.028        | -0.110       | -0.082       |
| Hungary        | 2.497          | 53.126        | 11.784         | 1.055            | 39.596        | 3.233          | 0.478        | 0.182        | 0.659        |
| India          | 6.104          | 21.331        | 11.057         | 15.277           | 20.471        | 26.479         | -0.035       | -0.360       | -0.395       |
| Indonesia      | 0.000          | 0.000         | 0.000          | 2.243            | 8.813         | 2.257          | 0.000        | -0.115       | -0.115       |
| Israel         | 3.951          | 34.993        | 13.770         | 2.498            | 24.889        | 5.635          | 0.550        | -0.082       | 0.468        |
| Malaysia       | 0.141          | -4.581        | -0.113         | 4.068            | 9.487         | 4.706          | -0.032       | 0.637        | 0.606        |
| Mexico         | 4.345          | 33.478        | 19.571         | 7.938            | 39.724        | 21.412         | -0.484       | -0.076       | -0.560       |
| Peru           | 0.000          | 0.000         | 0.000          | 0.201            | 32.307        | 0.690          | 0.000        | -0.013       | -0.013       |
| Philippines    | 1.041          | 29.696        | 3.687          | 0.873            | 31.841        | 2.163          | -0.104       | -0.090       | -0.194       |
| Poland         | 0.000          | 0.000         | 0.000          | 2.549            | 43.312        | 6.758          | 0.000        | -0.300       | -0.300       |
| South Africa   | 11.581         | 45.879        | 45.820         | 9.647            | 42.419        | 30.059         | 0.490        | 0.656        | 1.146        |
| South Korea    | 23.275         | 33.008        | 77.718         | 17.422           | 25.694        | 37.904         | 2.070        | 0.022        | 2.092        |
| Taiwan         | 20.803         | 9.314         | 22.438         | 13.759           | 13.649        | 23.249         | -0.451       | 1.569        | 1.118        |
| Thailand       | 4.730          | 6.600         | 1.407          | 2.662            | 4.534         | 1.548          | 0.006        | -0.087       | -0.081       |
| Turkey         | 1.401          | 45.309        | 13.814         | 3.002            | 43.159        | 9.188          | 0.121        | 0.400        | 0.521        |
| United States  | 0.182          | 21.423        | 2.721          | 0.000            | 0.000         | 0.000          | 0.320        | -0.217       | 0.103        |
| <b>Total</b>   | <b>100.000</b> | <b>38.055</b> | <b>315.466</b> | <b>100.000</b>   | <b>30.556</b> | <b>224.649</b> | <b>2.067</b> | <b>5.432</b> | <b>7.499</b> |

### Variance Analysis - Summary

CalPERS AB Monthly (Total Return - Annualized) vs. Unconstraint FTSE Monthly (Total Return - Annualized)

26 Groups of MSCI Country 07/31/2002 - 12/29/2006

Base Currency : Dollar(\$) - United States

| Group          | CalPERS AB     |               |                | Unconstrained FTSE |               |                | Variance     |              |              |
|----------------|----------------|---------------|----------------|--------------------|---------------|----------------|--------------|--------------|--------------|
|                | Ending         | Base          | Contrib        | Ending             | Base          | Contrib        | Stock        | Group        | Total        |
|                | Weight         | Rtn(%)        |                | Weight             | Rtn(%)        |                | Select       | Weight       |              |
| Argentina      | 0.951          | 71.210        | 9.627          | 0.575              | 57.159        | 1.700          | 0.056        | 0.485        | 0.541        |
| Brazil         | 18.999         | 61.445        | 79.255         | 11.016             | 62.779        | 38.148         | -0.259       | 2.277        | 2.018        |
| Chile          | 0.000          | 9.175         | 0.775          | 1.584              | 32.628        | 4.354          | -0.158       | 0.078        | -0.080       |
| China          | 0.000          | 0.000         | 0.000          | 8.358              | 40.059        | 17.339         | 0.000        | -0.493       | -0.493       |
| Colombia       | 0.000          | 0.000         | 0.000          | 0.595              | 70.985        | 1.536          | 0.000        | -0.094       | -0.094       |
| Czech Republic | 0.000          | 19.045        | 2.135          | 0.673              | 56.433        | 2.115          | 0.013        | 0.033        | 0.047        |
| Egypt          | 0.000          | 0.000         | 0.000          | 0.685              | 75.559        | 1.973          | 0.000        | -0.140       | -0.140       |
| Hungary        | 2.497          | 53.126        | 11.784         | 1.030              | 44.101        | 3.201          | 0.349        | 0.300        | 0.649        |
| India          | 6.104          | 21.331        | 11.057         | 7.986              | 43.239        | 19.440         | -0.266       | -0.278       | -0.543       |
| Indonesia      | 0.000          | 0.000         | 0.000          | 1.288              | 42.817        | 3.941          | 0.000        | -0.134       | -0.134       |
| Israel         | 3.951          | 34.993        | 13.770         | 1.892              | 22.051        | 3.639          | 0.680        | -0.231       | 0.449        |
| Malaysia       | 0.141          | -4.581        | -0.113         | 3.111              | 16.595        | 5.546          | -0.032       | 0.800        | 0.768        |
| Mexico         | 4.345          | 33.478        | 19.571         | 7.878              | 40.112        | 23.769         | -0.500       | -0.080       | -0.580       |
| Morocco        | 0.000          | 0.000         | 0.000          | 0.279              | 36.721        | 0.554          | 0.000        | -0.018       | -0.018       |
| Pakistan       | 0.000          | 0.000         | 0.000          | 0.171              | 43.767        | 0.569          | 0.000        | -0.025       | -0.025       |
| Peru           | 0.000          | 0.000         | 0.000          | 0.194              | 35.014        | 0.624          | 0.000        | -0.012       | -0.012       |
| Philippines    | 1.041          | 29.696        | 3.687          | 0.329              | 32.421        | 0.911          | -0.128       | -0.104       | -0.232       |
| Poland         | 0.000          | 0.000         | 0.000          | 1.331              | 42.768        | 3.762          | 0.000        | -0.121       | -0.121       |
| Russia         | 0.000          | 0.000         | 0.000          | 8.509              | 48.400        | 17.147         | 0.000        | -0.661       | -0.661       |
| South Africa   | 11.581         | 45.879        | 45.820         | 9.975              | 41.870        | 30.843         | 0.567        | 0.729        | 1.296        |
| South Korea    | 23.275         | 33.008        | 77.718         | 16.579             | 25.721        | 39.125         | 2.127        | -0.524       | 1.604        |
| Taiwan         | 20.803         | 9.314         | 22.438         | 13.464             | 13.475        | 21.172         | -0.398       | 1.083        | 0.685        |
| Thailand       | 4.730          | 6.600         | 1.407          | 1.222              | 25.850        | 2.807          | -0.003       | -0.300       | -0.303       |
| Turkey         | 1.401          | 45.309        | 13.814         | 1.277              | 43.335        | 3.645          | 0.086        | 0.647        | 0.733        |
| United States  | 0.182          | 21.423        | 2.721          | 0.000              | 0.000         | 0.000          | 0.326        | -0.229       | 0.096        |
| Venezuela      | 0.000          | 0.000         | 0.000          | 0.000              | 12.954        | 0.052          | 0.000        | -0.011       | -0.011       |
| <b>Total</b>   | <b>100.000</b> | <b>38.055</b> | <b>315.466</b> | <b>100.000</b>     | <b>32.618</b> | <b>247.914</b> | <b>2.459</b> | <b>2.978</b> | <b>5.437</b> |

## Variance Analysis - Summary

## CalPERS AB Monthly (Total Return - Annualized) vs. Unconstrained AB Monthly (Total Return - Annualized)

## 11 Groups of GICS Sector 07/31/2002 - 12/29/2006

Base Currency : Dollar(\$) - United States

|                        | CALPERS AB    |               |                | Unconstrained AB |               |                | Variance      |               |               |
|------------------------|---------------|---------------|----------------|------------------|---------------|----------------|---------------|---------------|---------------|
| Group                  | Ending Weight | Base Rtn(%)   | Contrib        | Ending Weight    | Base Rtn(%)   | Contrib        | Stock Select  | Group Weight  | Total         |
| Consumer Discretionary | 4.911         | 35.827        | 23.007         | 4.925            | 35.455        | 27.524         | 0.021         | -0.096        | -0.075        |
| Consumer Staples       | 1.83          | 39.699        | 7.403          | 1.809            | 28.108        | 7.102          | 0.341         | -0.123        | 0.218         |
| Energy                 | 11.731        | 62.243        | 48.049         | 19.724           | 66.845        | 72.346         | -0.299        | -0.521        | -0.821        |
| Financials             | 28.991        | 37.895        | 104.675        | 26.601           | 38.88         | 115.705        | -0.61         | -0.247        | -0.857        |
| Health Care            | 1.215         | 61.283        | 3.926          | 1.047            | 59.642        | 4.333          | 0.016         | -0.026        | -0.01         |
| Industrials            | 5.189         | 54.442        | 28.032         | 4.884            | 52.714        | 23.834         | 0.025         | 0.121         | 0.146         |
| Information Technology | 23.004        | 10.565        | 16.044         | 18.504           | 17.059        | 16.642         | -0.914        | -0.323        | -1.237        |
| Materials              | 19.679        | 37.208        | 62.808         | 17.859           | 42.936        | 64.886         | -0.927        | 0             | -0.926        |
| Telecomm Services      | 1.497         | 43.233        | 12.882         | 4.279            | 51.159        | 20.85          | -0.15         | -0.079        | -0.229        |
| Utilities              | 1.952         | 48.736        | 8.621          | 0.368            | 31.547        | 5.388          | 0.224         | 0.454         | 0.678         |
| Not Classified         | 0             | 2.184         | 0.02           | 0                | 12.396        | 0.174          | -0.008        | -0.014        | -0.022        |
| <b>Total</b>           | <b>100</b>    | <b>38.055</b> | <b>315.467</b> | <b>100</b>       | <b>41.191</b> | <b>358.785</b> | <b>-2.282</b> | <b>-0.854</b> | <b>-3.135</b> |

## Variance Analysis - Summary

## CalPERS AB Monthly (Total Return - Annualized) vs. Constrained FTSE Monthly (Total Return - Annualized)

11 Groups of GICS Sector 07/31/2002 - 12/29/2006

Base Currency : Dollar(\$) - United States

|                        | CALPERS AB |               |                | Constrained FTSE |               |                | Variance     |             |              |
|------------------------|------------|---------------|----------------|------------------|---------------|----------------|--------------|-------------|--------------|
| Group                  | Ending     | Base          | Contrib        | Ending           | Base          | Contrib        | Stock        | Group       | Total        |
|                        | Weight     | Rtn(%)        |                | Weight           | Rtn(%)        |                | Select       | Weight      |              |
| Consumer Discretionary | 4.911      | 35.827        | 23.007         | 6.71             | 29.432        | 14.685         | 0.713        | 0.043       | 0.756        |
| Consumer Staples       | 1.83       | 39.699        | 7.403          | 6.412            | 34.583        | 14.208         | 0.34         | -0.137      | 0.202        |
| Energy                 | 11.731     | 62.243        | 48.049         | 10.478           | 53.946        | 26.813         | 0.839        | 0.828       | 1.667        |
| Financials             | 28.991     | 37.895        | 104.675        | 21.547           | 31.203        | 49.614         | 2.267        | 0.114       | 2.381        |
| Health Care            | 1.215      | 61.283        | 3.926          | 1.759            | 24.362        | 2.886          | 0.275        | 0.112       | 0.387        |
| Industrials            | 5.189      | 54.442        | 28.032         | 9.114            | 38.182        | 21.274         | 1.168        | 0.099       | 1.267        |
| Information Technology | 23.004     | 10.565        | 16.044         | 13.843           | 16.989        | 23.268         | -1.654       | 1.103       | -0.551       |
| Materials              | 19.679     | 37.208        | 62.808         | 13.789           | 37.939        | 36.404         | -0.318       | 0.519       | 0.201        |
| Telecomm Services      | 1.497      | 43.233        | 12.882         | 11.393           | 28.728        | 25.524         | 0.671        | 0.223       | 0.894        |
| Utilities              | 1.952      | 48.736        | 8.621          | 4.955            | 32.291        | 9.926          | 0.462        | -0.156      | 0.306        |
| Not Classified         | 0          | 2.184         | 0.02           | 0                | 6.166         | 0.047          | 0.005        | -0.018      | -0.012       |
| <b>Total</b>           | <b>100</b> | <b>38.055</b> | <b>315.467</b> | <b>100</b>       | <b>30.556</b> | <b>224.649</b> | <b>4.769</b> | <b>2.73</b> | <b>7.499</b> |

## Variance Analysis - Summary

CalPERS AB Monthly (Total Return - Annualized) vs. Unconstrained FTSE Monthly (Total Return - Annualized)

11 Groups of GICS Sector 07/31/2002 - 12/29/2006

Base Currency : Dollar(\$) - United States

|                        | CALPERS AB     |               |                | Unconstrained FTSE |               |                | Variance     |              |              |
|------------------------|----------------|---------------|----------------|--------------------|---------------|----------------|--------------|--------------|--------------|
| Group                  | Ending         | Base          | Contrib        | Ending             | Base          | Contrib        | Stock        | Group        | Total        |
|                        | Weight         | Rtn(%)        |                | Weight             | Rtn(%)        |                | Select       | Weight       |              |
| Consumer Discretionary | 4.911          | 35.827        | 23.007         | 5.916              | 28.426        | 14.341         | 0.782        | 0.005        | 0.787        |
| Consumer Staples       | 1.830          | 39.699        | 7.403          | 5.503              | 34.531        | 15.164         | 0.373        | -0.088       | 0.286        |
| Energy                 | 11.731         | 62.243        | 48.049         | 15.613             | 50.209        | 39.005         | 0.961        | 0.155        | 1.116        |
| Financials             | 28.991         | 37.895        | 104.675        | 23.062             | 33.446        | 56.002         | 1.603        | -0.032       | 1.571        |
| Health Care            | 1.215          | 61.283        | 3.926          | 1.770              | 24.772        | 3.238          | 0.281        | 0.132        | 0.413        |
| Industrials            | 5.189          | 54.442        | 28.032         | 8.020              | 36.392        | 20.882         | 1.393        | -0.004       | 1.388        |
| Information Technology | 23.004         | 10.565        | 16.044         | 13.996             | 17.426        | 24.193         | -1.604       | 0.937        | -0.667       |
| Materials              | 19.679         | 37.208        | 62.808         | 13.348             | 38.988        | 38.250         | -0.399       | 0.473        | 0.074        |
| Telecomm Services      | 1.497          | 43.233        | 12.882         | 9.579              | 34.926        | 27.048         | 0.445        | -0.090       | 0.355        |
| Utilities              | 1.952          | 48.736        | 8.621          | 3.192              | 37.901        | 9.776          | 0.228        | -0.113       | 0.115        |
| Not Classified         | 0.000          | 2.184         | 0.020          | 0.000              | 6.166         | 0.015          | 0.005        | -0.007       | -0.002       |
| <b>Total</b>           | <b>100.000</b> | <b>38.055</b> | <b>315.467</b> | <b>100.000</b>     | <b>32.618</b> | <b>247.914</b> | <b>4.070</b> | <b>1.367</b> | <b>5.437</b> |

## Variance Analysis - Summary

## CalPERS DFA Monthly (Total Return - Annualized) vs. Unconstrained DFA Monthly (Total Return - Annualized)

19 Groups of MSCI Country 07/31/2002 - 12/29/2006

Base Currency : Dollar(\$) - United States

|                | CalPERS DFA    |               |                | Unconstrained DFA |               |                | Variance      |              |               |
|----------------|----------------|---------------|----------------|-------------------|---------------|----------------|---------------|--------------|---------------|
| Group          | Ending         | Base          | Contrib        | Ending            | Base          | Contrib        | Stock         | Group        | Total         |
|                | Weight         | Rtn(%)        |                | Weight            | Rtn(%)        |                | Select        | Weight       |               |
| Argentina      | 0.000          | 3.285         | 0.013          | 0.475             | 38.652        | 5.139          | -0.001        | -0.293       | -0.294        |
| Australia      | 0.000          | 0.000         | 0.000          | 0.000             | -0.049        | 0.000          | 0.000         | 0.001        | 0.001         |
| Brazil         | 14.952         | 54.576        | 51.031         | 11.876            | 63.206        | 51.785         | -0.959        | 0.797        | -0.161        |
| Chile          | 2.926          | 32.080        | 11.173         | 2.228             | 31.365        | 12.186         | 0.072         | -0.307       | -0.235        |
| Czech Republic | 1.483          | 19.462        | 2.531          | 1.192             | 17.980        | 1.787          | -0.009        | -0.029       | -0.038        |
| Hungary        | 5.198          | 40.966        | 17.435         | 2.265             | 37.451        | 9.687          | 0.199         | -0.199       | 0.000         |
| India          | 7.869          | 16.859        | 9.225          | 12.517            | 15.524        | 18.560         | 0.104         | -0.238       | -0.134        |
| Indonesia      | 0.424          | 3.993         | 0.080          | 3.125             | 38.858        | 16.406         | -0.002        | -0.059       | -0.061        |
| Israel         | 5.735          | 25.712        | 18.885         | 3.794             | 24.497        | 11.920         | 0.046         | -0.526       | -0.480        |
| Malaysia       | 5.251          | 11.480        | 7.064          | 4.914             | 18.132        | 10.389         | 0.035         | 0.927        | 0.962         |
| Mexico         | 14.661         | 37.658        | 40.459         | 12.463            | 39.476        | 37.876         | -0.204        | -0.227       | -0.431        |
| Philippines    | 2.738          | 32.236        | 11.250         | 1.197             | 30.362        | 5.415          | 0.092         | -0.113       | -0.021        |
| Poland         | 4.102          | 35.497        | 14.129         | 2.519             | 37.973        | 9.205          | -0.115        | -0.084       | -0.199        |
| South Africa   | 7.635          | 23.718        | 13.612         | 12.483            | 21.416        | 26.031         | 0.084         | -0.190       | -0.106        |
| South Korea    | 13.569         | 21.764        | 27.035         | 11.678            | 26.930        | 25.953         | -0.712        | -0.357       | -1.070        |
| Taiwan         | 10.053         | 15.895        | 15.618         | 11.975            | 15.011        | 15.725         | -0.074        | 0.022        | -0.052        |
| Thailand       | 0.230          | 2.066         | 0.034          | 1.626             | 17.590        | 7.059          | 0.004         | 0.747        | 0.751         |
| Turkey         | 3.173          | 42.190        | 33.082         | 3.659             | 43.646        | 22.452         | -0.005        | 0.372        | 0.367         |
| United States  | 0.003          | -8.660        | -0.061         | 0.016             | 6.211         | -0.060         | 0.001         | -0.001       | 0.000         |
| <b>Total</b>   | <b>100.000</b> | <b>34.693</b> | <b>272.596</b> | <b>100.000</b>    | <b>35.895</b> | <b>287.514</b> | <b>-1.445</b> | <b>0.242</b> | <b>-1.203</b> |

## Variance Analysis - Summary

CalPERS DFA Monthly (Total Return - Annualized) vs. Constrained FTSE Monthly (Total Return - Annualized)

19 Groups of MSCI Country 07/31/2002 - 12/29/2006

Base Currency : Dollar(\$) - United States

|                | CalPERS DFA    |               |                | Constrained FTSE |               |                | Variance      |              |              |
|----------------|----------------|---------------|----------------|------------------|---------------|----------------|---------------|--------------|--------------|
| Group          | Ending         | Base          | Contrib        | Ending           | Base          | Contrib        | Stock         | Group        | Total        |
|                | Weight         | Rtn(%)        |                | Weight           | Rtn(%)        |                | Select        | Weight       |              |
| Argentina      | 0.000          | 3.285         | 0.013          | 1.131            | 60.139        | 3.390          | -0.002        | -0.221       | -0.222       |
| Brazil         | 14.952         | 54.576        | 51.031         | 11.297           | 66.177        | 33.383         | -1.388        | 2.074        | 0.686        |
| Chile          | 2.926          | 32.080        | 11.173         | 3.078            | 34.009        | 8.466          | -0.088        | 0.130        | 0.042        |
| Czech Republic | 1.483          | 19.462        | 2.531          | 1.301            | 55.501        | 4.129          | -0.176        | -0.081       | -0.257       |
| Hungary        | 5.198          | 40.966        | 17.435         | 1.055            | 39.596        | 3.233          | 0.073         | 0.523        | 0.596        |
| India          | 7.869          | 16.859        | 9.225          | 15.277           | 20.471        | 26.479         | 0.147         | -0.332       | -0.184       |
| Indonesia      | 0.424          | 3.993         | 0.080          | 2.243            | 8.813         | 2.257          | 0.000         | -0.102       | -0.102       |
| Israel         | 5.735          | 25.712        | 18.885         | 2.498            | 24.889        | 5.635          | 0.041         | -0.199       | -0.158       |
| Malaysia       | 5.251          | 11.480        | 7.064          | 4.068            | 9.487         | 4.706          | 0.117         | 0.085        | 0.202        |
| Mexico         | 14.661         | 37.658        | 40.459         | 7.938            | 39.724        | 21.412         | -0.244        | 0.587        | 0.343        |
| Peru           | 0.000          | 0.000         | 0.000          | 0.201            | 32.307        | 0.690          | 0.000         | -0.016       | -0.016       |
| Philippines    | 2.738          | 32.236        | 11.250         | 0.873            | 31.841        | 2.163          | 0.046         | -0.127       | -0.081       |
| Poland         | 4.102          | 35.497        | 14.129         | 2.549            | 43.312        | 6.758          | -0.411        | 0.411        | 0.000        |
| South Africa   | 7.635          | 23.718        | 13.612         | 9.647            | 42.419        | 30.059         | 0.000         | -1.236       | -1.236       |
| South Korea    | 13.569         | 21.764        | 27.035         | 17.422           | 25.694        | 37.904         | -0.575        | 0.565        | -0.010       |
| Taiwan         | 10.053         | 15.895        | 15.618         | 13.759           | 13.649        | 23.249         | 0.099         | 2.559        | 2.658        |
| Thailand       | 0.230          | 2.066         | 0.034          | 2.662            | 4.534         | 1.548          | 0.005         | 0.270        | 0.276        |
| Turkey         | 3.173          | 42.190        | 33.082         | 3.002            | 43.159        | 9.188          | 0.154         | 1.460        | 1.614        |
| United States  | 0.003          | -8.660        | -0.061         | 0.000            | 0.000         | 0.000          | -0.009        | -0.005       | -0.013       |
| <b>Total</b>   | <b>100.000</b> | <b>34.693</b> | <b>272.596</b> | <b>100.000</b>   | <b>30.556</b> | <b>224.649</b> | <b>-2.209</b> | <b>6.345</b> | <b>4.136</b> |

## Variance Analysis - Summary

CalPERS DFA Monthly (Total Return - Annualized) vs. Unconstrained FTSE Monthly (Total Return - Annualized)

## 26 Groups of MSCI Country 07/31/2002 - 12/29/2006

Base Currency : Dollar(\$) - United States

|                | CalPERS DFA    |               |                | Unconstrained FTSE |                |               | Variance       |               |              |              |
|----------------|----------------|---------------|----------------|--------------------|----------------|---------------|----------------|---------------|--------------|--------------|
| Group          | Ending         | Base          | Contrib        | Ending             | Base           | Contrib       | Stock          | Group         | Total        |              |
|                | Weight         | Rtn(%)        |                | Weight             | Rtn(%)         |               | Select         | Weight        |              |              |
| Argentina      | 0.000          | 3.285         | 0.013          |                    | 0.575          | 57.159        | 1.700          | -0.001        | -0.081       | -0.083       |
| Brazil         | 14.952         | 54.576        | 51.031         |                    | 11.016         | 62.779        | 38.148         | -0.996        | 1.368        | 0.371        |
| Chile          | 2.926          | 32.080        | 11.173         |                    | 1.584          | 32.628        | 4.354          | -0.009        | 0.140        | 0.132        |
| China          | 0.000          | 0.000         | 0.000          |                    | 8.358          | 40.059        | 17.339         | 0.000         | -0.453       | -0.453       |
| Colombia       | 0.000          | 0.000         | 0.000          |                    | 0.595          | 70.985        | 1.536          | 0.000         | -0.096       | -0.096       |
| Czech Republic | 1.483          | 19.462        | 2.531          |                    | 0.673          | 56.433        | 2.115          | -0.180        | 0.071        | -0.109       |
| Egypt          | 0.000          | 0.000         | 0.000          |                    | 0.685          | 75.559        | 1.973          | 0.000         | -0.138       | -0.138       |
| Hungary        | 5.198          | 40.966        | 17.435         |                    | 1.030          | 44.101        | 3.201          | -0.198        | 0.700        | 0.502        |
| India          | 7.869          | 16.859        | 9.225          |                    | 7.986          | 43.239        | 19.440         | 0.088         | -0.429       | -0.341       |
| Indonesia      | 0.424          | 3.993         | 0.080          |                    | 1.288          | 42.817        | 3.941          | 0.000         | -0.130       | -0.130       |
| Israel         | 5.735          | 25.712        | 18.885         |                    | 1.892          | 22.051        | 3.639          | 0.241         | -0.550       | -0.309       |
| Malaysia       | 5.251          | 11.480        | 7.064          |                    | 3.111          | 16.595        | 5.546          | 0.083         | 0.225        | 0.308        |
| Mexico         | 14.661         | 37.658        | 40.459         |                    | 7.878          | 40.112        | 23.769         | -0.284        | 0.482        | 0.198        |
| Morocco        | 0.000          | 0.000         | 0.000          |                    | 0.279          | 36.721        | 0.554          | 0.000         | -0.018       | -0.018       |
| Pakistan       | 0.000          | 0.000         | 0.000          |                    | 0.171          | 43.767        | 0.569          | 0.000         | -0.027       | -0.027       |
| Peru           | 0.000          | 0.000         | 0.000          |                    | 0.194          | 35.014        | 0.624          | 0.000         | -0.015       | -0.015       |
| Philippines    | 2.738          | 32.236        | 11.250         |                    | 0.329          | 32.421        | 0.911          | 0.017         | -0.181       | -0.164       |
| Poland         | 4.102          | 35.497        | 14.129         |                    | 1.331          | 42.768        | 3.762          | -0.403        | 0.481        | 0.078        |
| Russia         | 0.000          | 0.000         | 0.000          |                    | 8.509          | 48.400        | 17.147         | 0.000         | -0.628       | -0.628       |
| South Africa   | 7.635          | 23.718        | 13.612         |                    | 9.975          | 41.870        | 30.843         | -0.001        | -0.892       | -0.893       |
| South Korea    | 13.569         | 21.764        | 27.035         |                    | 16.579         | 25.721        | 39.125         | -0.568        | 0.319        | -0.249       |
| Taiwan         | 10.053         | 15.895        | 15.618         |                    | 13.464         | 13.475        | 21.172         | 0.145         | 2.162        | 2.306        |
| Thailand       | 0.230          | 2.066         | 0.034          |                    | 1.222          | 25.850        | 2.807          | 0.005         | 0.104        | 0.110        |
| Turkey         | 3.173          | 42.190        | 33.082         |                    | 1.277          | 43.335        | 3.645          | 0.098         | 1.650        | 1.748        |
| United States  | 0.003          | -8.660        | -0.061         |                    | 0.000          | 0.000         | 0.000          | -0.009        | -0.005       | -0.014       |
| Venezuela      | 0.000          | 0.000         | 0.000          |                    | 0.000          | 12.954        | 0.052          | 0.000         | -0.012       | -0.012       |
| <b>Total</b>   | <b>100.000</b> | <b>34.693</b> | <b>272.596</b> |                    | <b>100.000</b> | <b>32.618</b> | <b>247.914</b> | <b>-1.973</b> | <b>4.047</b> | <b>2.074</b> |

## Variance Analysis - Summary

## CalPERS DFA Monthly (Total Return - Annualized) vs. Unconstrained DFA Monthly (Total Return - Annualized)

11 Groups of GICS Sector 07/31/2002 - 12/29/2006

Base Currency : Dollar(\$) - United States

|                        | CALPERS DFA    |               |                | Unconstrained DFA |               |                | Variance      |               |               |
|------------------------|----------------|---------------|----------------|-------------------|---------------|----------------|---------------|---------------|---------------|
| Group                  | Ending         | Base          | Contrib        | Ending            | Base          | Contrib        | Stock         | Group         | Total         |
|                        | Weight         | Rtn(%)        |                | Weight            | Rtn(%)        |                | Select        | Weight        |               |
| Consumer Discretionary | 5.338          | 34.386        | 19.673         | 6.644             | 31.432        | 20.306         | 0.187         | -0.102        | 0.084         |
| Consumer Staples       | 8.594          | 32.298        | 21.551         | 9.650             | 28.993        | 25.797         | 0.246         | 0.126         | 0.372         |
| Energy                 | 4.471          | 49.625        | 14.753         | 4.401             | 49.647        | 13.246         | -0.030        | 0.013         | -0.018        |
| Financials             | 26.283         | 38.493        | 80.386         | 22.328            | 33.196        | 66.471         | 1.447         | -0.537        | 0.910         |
| Health Care            | 2.744          | 26.003        | 5.826          | 2.816             | 26.244        | 4.388          | -0.010        | -0.071        | -0.081        |
| Industrials            | 6.575          | 34.347        | 16.291         | 7.911             | 37.256        | 19.613         | -0.183        | -0.025        | -0.208        |
| Information Technology | 13.581         | 17.367        | 18.866         | 12.259            | 16.663        | 18.318         | -0.185        | -0.241        | -0.426        |
| Materials              | 11.758         | 46.926        | 40.713         | 15.135            | 45.902        | 58.023         | 0.057         | -0.420        | -0.363        |
| Telecomm Services      | 17.460         | 32.674        | 46.524         | 15.410            | 41.137        | 50.315         | -1.587        | -0.080        | -1.666        |
| Utilities              | 3.196          | 33.195        | 7.699          | 3.447             | 27.054        | 10.971         | 0.176         | -0.037        | 0.139         |
| Not Classified         | 0.000          | 9.844         | 0.315          | 0.000             | 56.781        | 0.067          | -0.181        | 0.236         | 0.055         |
| <b>Total</b>           | <b>100.000</b> | <b>34.693</b> | <b>272.596</b> | <b>100.000</b>    | <b>35.895</b> | <b>287.514</b> | <b>-0.065</b> | <b>-1.138</b> | <b>-1.203</b> |

## Variance Analysis - Summary

## CalPERS DFA Monthly (Total Return - Annualized) vs. Constrained FTSE Monthly (Total Return - Annualized)

11 Groups of GICS Sector 07/31/2002 - 12/29/2006

Base Currency : Dollar(\$) - United States

|                        | CALPERS DFA    |               |                | Constrained FTSE |               |                | Variance     |              |              |
|------------------------|----------------|---------------|----------------|------------------|---------------|----------------|--------------|--------------|--------------|
| Group                  | Ending         | Base          | Contrib        | Ending           | Base          | Contrib        | Stock        | Group        | Total        |
|                        | Weight         | Rtn(%)        |                | Weight           | Rtn(%)        |                | Select       | Weight       |              |
| Consumer Discretionary | 5.338          | 34.386        | 19.673         | 6.710            | 29.432        | 14.685         | 0.351        | 0.040        | 0.391        |
| Consumer Staples       | 8.594          | 32.298        | 21.551         | 6.412            | 34.583        | 14.208         | -0.188       | 0.154        | -0.035       |
| Energy                 | 4.471          | 49.625        | 14.753         | 10.478           | 53.946        | 26.813         | -0.233       | -0.294       | -0.527       |
| Financials             | 26.283         | 38.493        | 80.386         | 21.547           | 31.203        | 49.614         | 1.980        | -0.012       | 1.967        |
| Health Care            | 2.744          | 26.003        | 5.826          | 1.759            | 24.362        | 2.886          | 0.038        | -0.053       | -0.015       |
| Industrials            | 6.575          | 34.347        | 16.291         | 9.114            | 38.182        | 21.274         | -0.228       | -0.122       | -0.349       |
| Information Technology | 13.581         | 17.367        | 18.866         | 13.843           | 16.989        | 23.268         | -0.223       | 1.353        | 1.130        |
| Materials              | 11.758         | 46.926        | 40.713         | 13.789           | 37.939        | 36.404         | 1.041        | -0.317       | 0.724        |
| Telecomm Services      | 17.460         | 32.674        | 46.524         | 11.393           | 28.728        | 25.524         | 0.671        | 0.074        | 0.745        |
| Utilities              | 3.196          | 33.195        | 7.699          | 4.955            | 32.291        | 9.926          | 0.063        | -0.022       | 0.041        |
| Not Classified         | 0.000          | 9.844         | 0.315          | 0.000            | 6.166         | 0.047          | 0.091        | -0.028       | 0.063        |
| <b>Total</b>           | <b>100.000</b> | <b>34.693</b> | <b>272.596</b> | <b>100.000</b>   | <b>30.556</b> | <b>224.649</b> | <b>3.362</b> | <b>0.774</b> | <b>4.136</b> |

## Variance Analysis - Summary

## CalPERS DFA Monthly (Total Return - Annualized) vs. Unconstrained FTSE Monthly (Total Return - Annualized)

11 Groups of GICS Sector 07/31/2002 - 12/29/2006

Base Currency : Dollar(\$) - United States

|                        | CALPERS DFA    |               |                | Unconstrained FTSE |               |                | Variance     |              |              |
|------------------------|----------------|---------------|----------------|--------------------|---------------|----------------|--------------|--------------|--------------|
| Group                  | Ending         | Base          | Contrib        | Ending             | Base          | Contrib        | Stock        | Group        | Total        |
|                        | Weight         | Rtn(%)        |                | Weight             | Rtn(%)        |                | Select       | Weight       |              |
| Consumer Discretionary | 5.338          | 34.386        | 19.673         | 5.916              | 28.426        | 14.341         | 0.425        | 0.013        | 0.438        |
| Consumer Staples       | 8.594          | 32.298        | 21.551         | 5.503              | 34.531        | 15.164         | -0.214       | 0.111        | -0.103       |
| Energy                 | 4.471          | 49.625        | 14.753         | 15.613             | 50.209        | 39.005         | -0.136       | -0.814       | -0.950       |
| Financials             | 26.283         | 38.493        | 80.386         | 23.062             | 33.446        | 56.002         | 1.306        | -0.019       | 1.287        |
| Health Care            | 2.744          | 26.003        | 5.826          | 1.770              | 24.772        | 3.238          | 0.030        | -0.068       | -0.039       |
| Industrials            | 6.575          | 34.347        | 16.291         | 8.020              | 36.392        | 20.882         | -0.145       | -0.064       | -0.209       |
| Information Technology | 13.581         | 17.367        | 18.866         | 13.996             | 17.426        | 24.193         | -0.215       | 1.265        | 1.050        |
| Materials              | 11.758         | 46.926        | 40.713         | 13.348             | 38.988        | 38.250         | 0.915        | -0.147       | 0.769        |
| Telecomm Services      | 17.460         | 32.674        | 46.524         | 9.579              | 34.926        | 27.048         | -0.425       | 0.325        | -0.100       |
| Utilities              | 3.196          | 33.195        | 7.699          | 3.192              | 37.901        | 9.776          | -0.131       | -0.011       | -0.142       |
| Not Classified         | 0.000          | 9.844         | 0.315          | 0.000              | 6.166         | 0.015          | 0.092        | -0.017       | 0.075        |
| <b>Total</b>           | <b>100.000</b> | <b>34.693</b> | <b>272.596</b> | <b>100.000</b>     | <b>32.618</b> | <b>247.914</b> | <b>1.501</b> | <b>0.573</b> | <b>2.074</b> |

### Variance Analysis - Summary

CalPERS Genesis Monthly (Total Return - Annualized) vs. Unconstrained Genesis Monthly (Total Return - Annualized)  
 33 Groups of MSCI Country 07/31/2002 - 12/29/2006  
 Base Currency : Dollar(\$) - United States

| Group          | CalPERS Genesis |               |                | Unconstrained Genesis |               |                | Variance      |               |               |
|----------------|-----------------|---------------|----------------|-----------------------|---------------|----------------|---------------|---------------|---------------|
|                | Ending          | Base          | Contrib        | Ending                | Base          | Contrib        | Stock         | Group         | Total         |
|                | Weight          | Rtn(%)        |                | Weight                | Rtn(%)        |                | Select        | Weight        |               |
| Argentina      | 0.000           | 50.523        | 1.928          | 0.000                 | 49.670        | 1.005          | 0.018         | 0.072         | 0.090         |
| Austria        | 0.000           | 0.000         | 0.000          | 0.000                 | 2.734         | 0.095          | 0.000         | 0.005         | 0.005         |
| Belgium        | 0.000           | 0.000         | 0.000          | 0.000                 | 47.360        | 0.361          | 0.000         | -0.105        | -0.105        |
| Brazil         | 11.785          | 37.460        | 20.328         | 10.808                | 40.656        | 19.021         | -0.202        | 0.315         | 0.113         |
| Canada         | 0.520           | 0.309         | 0.061          | 0.659                 | 1.928         | 0.298          | -0.023        | 0.011         | -0.013        |
| Chile          | 2.128           | 35.257        | 6.056          | 1.145                 | 36.157        | 2.555          | -0.010        | 0.146         | 0.136         |
| China          | 0.000           | 0.000         | 0.000          | 3.456                 | 40.825        | 12.719         | 0.000         | -0.020        | -0.020        |
| Colombia       | 0.000           | 0.000         | 0.000          | 0.611                 | 35.962        | 1.657          | 0.000         | -0.056        | -0.056        |
| Croatia        | 0.000           | 0.000         | 0.000          | 0.000                 | 14.785        | 0.756          | 0.000         | 0.246         | 0.246         |
| Egypt          | 0.000           | 0.000         | 0.000          | 3.020                 | 93.565        | 20.429         | 0.000         | -1.567        | -1.567        |
| Ghana          | 0.000           | 0.000         | 0.000          | 0.000                 | 20.698        | 1.669          | 0.000         | -0.219        | -0.219        |
| Hong Kong      | 0.000           | 0.000         | 0.000          | 1.351                 | -14.366       | -3.242         | 0.000         | 0.522         | 0.522         |
| Hungary        | 2.891           | 43.398        | 11.392         | 2.841                 | 41.776        | 8.850          | 0.117         | 0.125         | 0.243         |
| India          | 9.545           | 20.315        | 20.179         | 0.861                 | 32.727        | 3.662          | 1.219         | -1.698        | -0.479        |
| Indonesia      | 7.682           | 6.860         | 8.651          | 8.239                 | 46.569        | 27.373         | 0.005         | -0.238        | -0.233        |
| Israel         | 4.474           | 3.929         | 0.898          | 3.913                 | 4.297         | 0.742          | -0.013        | -0.223        | -0.237        |
| Jordan         | 0.000           | 0.000         | 0.000          | 0.000                 | 11.351        | 0.371          | 0.000         | 0.003         | 0.003         |
| Malaysia       | 3.651           | 10.507        | 4.970          | 2.599                 | 17.932        | 6.128          | -0.002        | 0.456         | 0.454         |
| Mexico         | 6.912           | 36.279        | 31.965         | 6.322                 | 36.559        | 28.390         | -0.035        | -0.376        | -0.412        |
| Panama         | 0.000           | 0.000         | 0.000          | 0.000                 | -15.021       | -0.079         | 0.000         | 0.026         | 0.026         |
| Peru           | 1.079           | 32.480        | 3.611          | 0.700                 | 32.022        | 2.932          | 0.015         | 0.065         | 0.080         |
| Philippines    | 1.562           | 15.828        | 2.400          | 0.857                 | 15.634        | 1.612          | -0.013        | -0.013        | -0.026        |
| Poland         | 0.000           | 0.000         | 0.000          | 0.000                 | 3.146         | 0.122          | 0.000         | -0.028        | -0.028        |
| Russia         | 0.000           | 0.000         | 0.000          | 10.389                | 73.308        | 36.125         | 0.000         | -2.177        | -2.177        |
| South Africa   | 13.956          | 45.204        | 45.925         | 12.402                | 45.168        | 41.478         | 0.012         | 0.396         | 0.409         |
| South Korea    | 18.455          | 23.004        | 55.322         | 17.027                | 25.554        | 53.526         | -0.683        | -0.692        | -1.375        |
| Sri Lanka      | 0.199           | 6.088         | 0.024          | 0.088                 | 53.828        | 0.783          | -0.005        | -0.061        | -0.066        |
| Taiwan         | 8.696           | 13.711        | 13.497         | 7.153                 | 19.790        | 12.037         | -0.646        | -0.496        | -1.142        |
| Thailand       | 1.799           | 16.483        | 4.271          | 1.798                 | 45.592        | 9.981          | 0.040         | -0.257        | -0.217        |
| Turkey         | 4.257           | 41.231        | 7.056          | 2.873                 | 40.265        | 6.078          | 0.040         | -0.061        | -0.022        |
| United Kingdom | 0.000           | 35.392        | 6.207          | 0.478                 | 34.125        | 6.203          | 0.030         | -0.040        | -0.010        |
| United States  | 0.407           | 7.458         | 0.421          | 0.120                 | 18.805        | 0.315          | 0.006         | -0.038        | -0.032        |
| Zimbabwe       | 0.000           | 0.000         | 0.000          | 0.289                 | -0.839        | -4.089         | 0.000         | 1.625         | 1.625         |
| <b>Total</b>   | <b>100.000</b>  | <b>32.380</b> | <b>245.162</b> | <b>100.000</b>        | <b>36.864</b> | <b>299.861</b> | <b>-0.131</b> | <b>-4.353</b> | <b>-4.484</b> |

## Variance Analysis - Summary

## CalPERS Genesis Monthly (Total Return - Annualized) vs. Constrained FTSE Monthly (Total Return - Annualized)

22 Groups of MSCI Country 07/31/2002 - 12/29/2006

Base Currency : Dollar(\$) - United States

|                | CalPERS Genesis |               |                | Constrained FTSE |               |                | Variance      |              |              |
|----------------|-----------------|---------------|----------------|------------------|---------------|----------------|---------------|--------------|--------------|
| Group          | Ending          | Base          | Contrib        | Ending           | Base          | Contrib        | Stock         | Group        | Total        |
|                | Weight          | Rtn(%)        |                | Weight           | Rtn(%)        |                | Select        | Weight       |              |
| Argentina      | 0.000           | 50.523        | 1.928          | 1.131            | 60.139        | 3.390          | -0.014        | -0.033       | -0.048       |
| Brazil         | 11.785          | 37.460        | 20.328         | 11.297           | 66.177        | 33.383         | -1.614        | 0.053        | -1.561       |
| Canada         | 0.520           | 0.309         | 0.061          | 0.000            | 0.000         | 0.000          | 0.003         | -0.027       | -0.024       |
| Chile          | 2.128           | 35.257        | 6.056          | 3.078            | 34.009        | 8.466          | 0.072         | -0.063       | 0.009        |
| Czech Republic | 0.000           | 0.000         | 0.000          | 1.301            | 55.501        | 4.129          | 0.000         | -0.262       | -0.262       |
| Hungary        | 2.891           | 43.398        | 11.392         | 1.055            | 39.596        | 3.233          | 0.185         | 0.478        | 0.663        |
| India          | 9.545           | 20.315        | 20.179         | 15.277           | 20.471        | 26.479         | -0.132        | -0.162       | -0.293       |
| Indonesia      | 7.682           | 6.860         | 8.651          | 2.243            | 8.813         | 2.257          | 0.028         | 0.296        | 0.324        |
| Israel         | 4.474           | 3.929         | 0.898          | 2.498            | 24.889        | 5.635          | -0.575        | 0.107        | -0.467       |
| Malaysia       | 3.651           | 10.507        | 4.970          | 4.068            | 9.487         | 4.706          | 0.114         | 0.339        | 0.453        |
| Mexico         | 6.912           | 36.279        | 31.965         | 7.938            | 39.724        | 21.412         | -0.533        | 0.117        | -0.417       |
| Peru           | 1.079           | 32.480        | 3.611          | 0.201            | 32.307        | 0.690          | 0.196         | 0.163        | 0.359        |
| Philippines    | 1.562           | 15.828        | 2.400          | 0.873            | 31.841        | 2.163          | -0.088        | 0.058        | -0.030       |
| Poland         | 0.000           | 0.000         | 0.000          | 2.549            | 43.312        | 6.758          | 0.000         | -0.296       | -0.296       |
| South Africa   | 13.956          | 45.204        | 45.925         | 9.647            | 42.419        | 30.059         | 0.344         | 0.198        | 0.542        |
| South Korea    | 18.455          | 23.004        | 55.322         | 17.422           | 25.694        | 37.904         | -0.548        | 0.166        | -0.382       |
| Sri Lanka      | 0.199           | 6.088         | 0.024          | 0.000            | 0.000         | 0.000          | 0.002         | -0.005       | -0.003       |
| Taiwan         | 8.696           | 13.711        | 13.497         | 13.759           | 13.649        | 23.249         | -0.064        | 2.578        | 2.515        |
| Thailand       | 1.799           | 16.483        | 4.271          | 2.662            | 4.534         | 1.548          | 0.336         | 0.056        | 0.392        |
| Turkey         | 4.257           | 41.231        | 7.056          | 3.002            | 43.159        | 9.188          | -0.006        | -0.318       | -0.324       |
| United Kingdom | 0.000           | 35.392        | 6.207          | 0.000            | 0.000         | 0.000          | 1.389         | -0.735       | 0.654        |
| United States  | 0.407           | 7.458         | 0.421          | 0.000            | 0.000         | 0.000          | 0.038         | -0.018       | 0.020        |
| <b>Total</b>   | <b>100.000</b>  | <b>32.380</b> | <b>245.162</b> | <b>100.000</b>   | <b>30.556</b> | <b>224.649</b> | <b>-0.866</b> | <b>2.690</b> | <b>1.824</b> |

### Variance Analysis - Summary

CalPERS Genesis Monthly (Total Return - Annualized) vs. Unconstrained FTSE Monthly (Total Return - Annualized)

29 Groups of MSCI Country 07/31/2002 - 12/29/2006

Base Currency : Dollar(\$) - United States

| Group          | CalPERS Genesis |               |                | Unconstrained FTSE |               |                | Variance      |              |               |
|----------------|-----------------|---------------|----------------|--------------------|---------------|----------------|---------------|--------------|---------------|
|                | Ending          | Base          | Contrib        | Ending             | Base          | Contrib        | Stock         | Group        | Total         |
|                | Weight          | Rtn(%)        |                | Weight             | Rtn(%)        |                | Select        | Weight       |               |
| Argentina      | 0.000           | 50.523        | 1.928          | 0.575              | 57.159        | 1.700          | 0.006         | 0.075        | 0.081         |
| Brazil         | 11.785          | 37.460        | 20.328         | 11.016             | 62.779        | 38.148         | -1.604        | -0.203       | -1.807        |
| Canada         | 0.520           | 0.309         | 0.061          | 0.000              | 0.000         | 0.000          | 0.002         | -0.027       | -0.024        |
| Chile          | 2.128           | 35.257        | 6.056          | 1.584              | 32.628        | 4.354          | 0.114         | 0.038        | 0.152         |
| China          | 0.000           | 0.000         | 0.000          | 8.358              | 40.059        | 17.339         | 0.000         | -0.466       | -0.466        |
| Colombia       | 0.000           | 0.000         | 0.000          | 0.595              | 70.985        | 1.536          | 0.000         | -0.089       | -0.089        |
| Czech Republic | 0.000           | 0.000         | 0.000          | 0.673              | 56.433        | 2.115          | 0.000         | -0.108       | -0.108        |
| Egypt          | 0.000           | 0.000         | 0.000          | 0.685              | 75.559        | 1.973          | 0.000         | -0.128       | -0.128        |
| Hungary        | 2.891           | 43.398        | 11.392         | 1.030              | 44.101        | 3.201          | -0.014        | 0.656        | 0.641         |
| India          | 9.545           | 20.315        | 20.179         | 7.986              | 43.239        | 19.440         | -0.389        | -0.141       | -0.530        |
| Indonesia      | 7.682           | 6.860         | 8.651          | 1.288              | 42.817        | 3.941          | 0.086         | 0.192        | 0.278         |
| Israel         | 4.474           | 3.929         | 0.898          | 1.892              | 22.051        | 3.639          | -0.532        | 0.069        | -0.463        |
| Malaysia       | 3.651           | 10.507        | 4.970          | 3.111              | 16.595        | 5.546          | 0.102         | 0.489        | 0.591         |
| Mexico         | 6.912           | 36.279        | 31.965         | 7.878              | 40.112        | 23.769         | -0.562        | -0.038       | -0.600        |
| Morocco        | 0.000           | 0.000         | 0.000          | 0.279              | 36.721        | 0.554          | 0.000         | -0.018       | -0.018        |
| Pakistan       | 0.000           | 0.000         | 0.000          | 0.171              | 43.767        | 0.569          | 0.000         | -0.028       | -0.028        |
| Peru           | 1.079           | 32.480        | 3.611          | 0.194              | 35.014        | 0.624          | 0.137         | 0.201        | 0.337         |
| Philippines    | 1.562           | 15.828        | 2.400          | 0.329              | 32.421        | 0.911          | -0.095        | 0.046        | -0.049        |
| Poland         | 0.000           | 0.000         | 0.000          | 1.331              | 42.768        | 3.762          | 0.000         | -0.120       | -0.120        |
| Russia         | 0.000           | 0.000         | 0.000          | 8.509              | 48.400        | 17.147         | 0.000         | -0.633       | -0.633        |
| South Africa   | 13.956          | 45.204        | 45.925         | 9.975              | 41.870        | 30.843         | 0.431         | 0.293        | 0.724         |
| South Korea    | 18.455          | 23.004        | 55.322         | 16.579             | 25.721        | 39.125         | -0.553        | -0.321       | -0.874        |
| Sri Lanka      | 0.199           | 6.088         | 0.024          | 0.000              | 0.000         | 0.000          | 0.002         | -0.006       | -0.003        |
| Taiwan         | 8.696           | 13.711        | 13.497         | 13.464             | 13.475        | 21.172         | -0.040        | 2.202        | 2.162         |
| Thailand       | 1.799           | 16.483        | 4.271          | 1.222              | 25.850        | 2.807          | 0.330         | -0.143       | 0.187         |
| Turkey         | 4.257           | 41.231        | 7.056          | 1.277              | 43.335        | 3.645          | -0.036        | -0.034       | -0.070        |
| United Kingdom | 0.000           | 35.392        | 6.207          | 0.000              | 0.000         | 0.000          | 1.404         | -0.792       | 0.612         |
| United States  | 0.407           | 7.458         | 0.421          | 0.000              | 0.000         | 0.000          | 0.037         | -0.019       | 0.018         |
| Venezuela      | 0.000           | 0.000         | 0.000          | 0.000              | 12.954        | 0.052          | 0.000         | -0.012       | -0.012        |
| <b>Total</b>   | <b>100.000</b>  | <b>32.380</b> | <b>245.162</b> | <b>100.000</b>     | <b>32.618</b> | <b>247.914</b> | <b>-1.174</b> | <b>0.935</b> | <b>-0.238</b> |

### Variance Analysis - Summary

CalPERS Genesis Monthly (Total Return - Annualized) vs. Unconstrained Genesis Monthly (Total Return - Annualized)

11 Groups of GICS Sector 07/31/2002 - 12/29/2006

Base Currency : Dollar(\$) - United States

| Group                  | CalPERS Genesis |              | Unconstrained Genesis |               | Variance      |               |               |
|------------------------|-----------------|--------------|-----------------------|---------------|---------------|---------------|---------------|
|                        | Ending          | Base         | Ending                | Base          | Stock         | Group         | Total         |
|                        | Weight          | Rtn(%)       | Weight                | Rtn(%)        | Select        | Weight        |               |
| Consumer Discretionary | 3.414           | 33.162       | 2.588                 | 10.104        | 1             | -0.176        | 0.824         |
| Consumer Staples       | 11.203          | 33.598       | 11.019                | 36.415        | -0.482        | -0.048        | -0.53         |
| Energy                 | 6.011           | 57.811       | 12.02                 | 58.837        | 0.125         | -0.288        | -0.163        |
| Financials             | 24.426          | 24.526       | 20.356                | 28.672        | -0.956        | -0.529        | -1.485        |
| Health Care            | 2.932           | 15.635       | 1.893                 | 17.729        | 0.034         | 0.149         | 0.183         |
| Industrials            | 1.705           | 22.942       | 4.613                 | 33.972        | -0.453        | 0.679         | 0.226         |
| Information Technology | 15.723          | 17.602       | 13.99                 | 20.286        | -0.42         | -0.532        | -0.952        |
| Materials              | 17.578          | 46.302       | 13.446                | 50.397        | -0.632        | 0.017         | -0.616        |
| Telecomm Services      | 10.479          | 31.864       | 14.065                | 41.727        | -1.483        | 0.098         | -1.385        |
| Utilities              | 6.529           | 23.762       | 5.122                 | 41.883        | -0.571        | -0.054        | -0.625        |
| Not Classified         | 0               | 0            | 0.888                 | -1.908        | 0             | 0.04          | 0.04          |
| <b>Total</b>           | <b>100</b>      | <b>32.38</b> | <b>100</b>            | <b>36.864</b> | <b>-3.839</b> | <b>-0.645</b> | <b>-4.484</b> |
|                        |                 |              |                       |               |               |               |               |

### Variance Analysis - Summary

CalPERS Genesis Monthly (Total Return - Annualized) vs. Constrained FTSE Monthly (Total Return - Annualized)

11 Groups of GICS Sector 07/31/2002 - 12/29/2006

Base Currency : Dollar(\$) - United States

| Group                  | CalPERS Genesis |              | Constrained FTSE |               | Variance     |              |              |
|------------------------|-----------------|--------------|------------------|---------------|--------------|--------------|--------------|
|                        | Ending          | Base         | Ending           | Base          | Stock        | Group        | Total        |
|                        | Weight          | Rtn(%)       | Weight           | Rtn(%)        | Select       | Weight       |              |
| Consumer Discretionary | 3.414           | 33.162       | 6.71             | 29.432        | -0.169       | 0.008        | -0.161       |
| Consumer Staples       | 11.203          | 33.598       | 6.412            | 34.583        | -0.178       | 0.556        | 0.378        |
| Energy                 | 6.011           | 57.811       | 10.478           | 53.946        | 0.572        | 0.231        | 0.803        |
| Financials             | 24.426          | 24.526       | 21.547           | 31.203        | -0.93        | -0.1         | -1.03        |
| Health Care            | 2.932           | 15.635       | 1.759            | 24.362        | 0.091        | -0.011       | 0.08         |
| Industrials            | 1.705           | 22.942       | 9.114            | 38.182        | -0.463       | -0.336       | -0.799       |
| Information Technology | 15.723          | 17.602       | 13.843           | 16.989        | 0.154        | 0.723        | 0.877        |
| Materials              | 17.578          | 46.302       | 13.789           | 37.939        | 1.275        | 0.036        | 1.311        |
| Telecomm Services      | 10.479          | 31.864       | 11.393           | 28.728        | 0.636        | 0.011        | 0.647        |
| Utilities              | 6.529           | 23.762       | 4.955            | 32.291        | -0.26        | -0.005       | -0.265       |
| Not Classified         | 0               | 0            | 0                | 6.166         | 0            | -0.017       | -0.017       |
| <b>Total</b>           | <b>100</b>      | <b>32.38</b> | <b>100</b>       | <b>30.556</b> | <b>0.729</b> | <b>1.095</b> | <b>1.824</b> |
|                        |                 |              |                  |               |              |              |              |

### Variance Analysis - Summary

CalPERS Genesis Monthly (Total Return - Annualized) vs. Unconstrained FTSE Monthly (Total Return - Annualized)

11 Groups of GICS Sector 07/31/2002 - 12/29/2006

Base Currency : Dollar(\$) - United States

| Group                  | CalPERS Genesis |              | Unconstrained FTSE |               | Variance      |              |               |
|------------------------|-----------------|--------------|--------------------|---------------|---------------|--------------|---------------|
|                        | Ending          | Base         | Ending             | Base          | Stock         | Group        | Total         |
|                        | Weight          | Rtn(%)       | Weight             | Rtn(%)        | Select        | Weight       |               |
| Consumer Discretionary | 3.414           | 33.162       | 5.916              | 28.426        | -0.139        | 0.102        | -0.037        |
| Consumer Staples       | 11.203          | 33.598       | 5.503              | 34.531        | -0.243        | 0.37         | 0.127         |
| Energy                 | 6.011           | 57.811       | 15.613             | 50.209        | 0.886         | -0.473       | 0.413         |
| Financials             | 24.426          | 24.526       | 23.062             | 33.446        | -1.558        | 0.008        | -1.55         |
| Health Care            | 2.932           | 15.635       | 1.77               | 24.772        | 0.098         | -0.005       | 0.093         |
| Industrials            | 1.705           | 22.942       | 8.02               | 36.392        | -0.403        | -0.205       | -0.607        |
| Information Technology | 15.723          | 17.602       | 13.996             | 17.426        | 0.11          | 0.503        | 0.613         |
| Materials              | 17.578          | 46.302       | 13.348             | 38.988        | 1.156         | 0.125        | 1.281         |
| Telecomm Services      | 10.479          | 31.864       | 9.579              | 34.926        | -0.336        | 0.261        | -0.076        |
| Utilities              | 6.529           | 23.762       | 3.192              | 37.901        | -0.591        | 0.1          | -0.491        |
| Not Classified         | 0               | 0            | 0                  | 6.166         | 0             | -0.005       | -0.005        |
| <b>Total</b>           | <b>100</b>      | <b>32.38</b> | <b>100</b>         | <b>32.618</b> | <b>-1.019</b> | <b>0.781</b> | <b>-0.238</b> |
|                        |                 |              |                    |               |               |              |               |